

P-407/CP-93-256 ORDER REQUIRING COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Marshall Johnson
Cynthia A. Kitlinski
Dee Knaak

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for
Extended Area Service From
Kabetogama to International
Falls

ISSUE DATE: December 22, 1993

DOCKET NO. P-407/CP-93-256

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PROPOSED RATES

PROCEDURAL HISTORY

On April 5, 1993, customers in the Kabetogama exchange filed a petition with the Commission for extended area service (EAS) to the International Falls exchange. Both exchanges are served by GTE-Minnesota (GTE).

On April 12, 1993, the Minnesota Department of Public Service (the Department) sent a letter to all parties requesting traffic studies.

On May 24, 1993, GTE filed a study of the traffic from Kabetogama to International Falls, Ranier, and Ericsburg.

On August 16, 1993, GTE filed traffic information from Kabetogama to Ericsburg and to International Falls.

On August 27, 1993, the Commission issued its ORDER FINDING ADJACENCY AND REQUIRING FURTHER FILINGS in this matter. In its Order, the Commission determined that the proposed route should be Kabetogama to the local calling area of International Falls/Ericksburg. The Commission found that with respect to that route Kabetogama met the adjacency requirement of the EAS statute.

On September 3, 1993, the Department submitted a letter stating that the traffic requirement was met, based on GTE's August 16, 1993 filing.

On September 21, 1993, GTE filed eight months of additional traffic data for the Kabetogama to International Falls/Ericksburg local calling area (LCA) route.

On December 14, 1993, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

A. Required Statutory Findings

The EAS statute provides that the Commission shall grant a request to install EAS when the following three criteria have been met:

1. the petitioning exchange is contiguous to an exchange or local calling area to which extended area service is requested in the petition;
2. at least 50 percent of the customers in the petitioning exchange make one or more calls per month to the exchange or local calling area to which extended area service is requested, as determined by a traffic study; and
3. polling by the Commission shows that a majority of the customers responding to a poll in the petitioning exchange favor its installation, unless all parties and the Commission agree that no polling is necessary. Minn. Stat. § 237.161, subd. 1(a)(1-3) (1992).

B. Adjacency

The Commission has found adjacency in a previous Order in this matter issued August 27, 1993. The petitioning Kabetogama exchange is adjacent to the petitioned International Falls/Ericksburg local calling area.

C. Traffic

The traffic filed by GTE shows significantly more than 50 percent of the Kabetogama customers place one or more calls per month to the local calling area of International Falls/Ericksburg. Hence, the petition meets the second EAS criterion: adequate traffic.

D. Subscriber Support

Before proceeding to poll Kabetogama subscribers to determine whether the third criterion (subscriber support) will be met for the Kabetogama-International Falls/Ericksburg local calling area, the Commission will adopt EAS rates for this route to give Kabetogama subscribers a clearer picture regarding the rate impact of implementing the proposed EAS. To assist the Commission in establishing fair EAS rates for polling purposes, the Commission will require GTE to file sound cost studies and proposed rates as specified in the Ordering Paragraphs of this Order.

After GTE's cost study and proposed rates have been filed, the Commission will adopt EAS rates and proceed to ballot the Kabetogama subscribers. If a majority of Kabetogama customers returning ballots favor installation of the proposed EAS, the Commission will order it.

ORDER

1. Within 60 days of this Order, GTE Minnesota (GTE) shall file cost studies and proposed rates using cost study methodologies that are consistent with previous Commission decisions for non-metropolitan area EAS routes.
2. Rates filed pursuant to Ordering Paragraph 1 shall show the petitioning exchange bearing 75 percent, 60 percent and 50 percent of the EAS revenue requirement.
3. Within 45 days after the filing of cost studies and proposed rates pursuant to Ordering Paragraphs 1 and 2, the Minnesota Department of Public Service (the Department) shall file a report and recommendation concerning the proposed rates.

If the Department recommends any changes to the cost studies or proposed rates, it shall file the new proposed rates assuming a 75 percent, 60 percent, and a 50 percent allocation to the petitioning exchange.

4. Parties will have 20 days to respond to the Department's report.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)